

Message Text

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E.O. 11652: GDS

TAGS: ENRG BEXP US HK

SUBJ: DISCUSSION WITH HKG RE NUCLEAR POWER PROJECT

REF: A HK A-68, MARCH 26, 1974 (NOTAL); B. HK 711

SUMMARY: DEGREE OF HONG KONG GOVERNMENT INTEREST IN POSSIBILITY OF USING NUCLEAR POWER SHOULD BE MORE CLEARLY REVEALED AFTER END OF THIS MONTH WHEN A BRITISH TEAM IS EXPECTED TO INITIATE A PRELIMINARY SITE SURVEY. THE DISCUSSION JUNE 6 BETWEEN HKG OFFICIAL AND USDOC PROJECT OFFICER DAVID C. LU IS DESCRIBED BRIEFLY BELOW. END SUMMARY

1. VISIT TO HONG KONG JUNE 5-7 OF MR. DAVID LU, PROEJCT OFFICER IN USDOC MAJOR EXPORT PROJECTS DIVISION, PROVIDED ANOTHER OPPORTUNITY TO REVIEW CURRENT HKG THINKING ON POSSIBLE USE OF NUCLEAR POWER (VISIT OF USAEC TOKYO REPRESENTATIVE HELFRICH IS DESCRIBED REFAIR). HUW P. EVANS, ASSISTANT ECONOMIC SECRETARY, ADVISED LU AND CONGENOFFS JUNE 6 THAT TATHREE MEMBER BRITISH TEAM (ONE EACH FROM UK NUCLEAR INSPECTORATE, UK AEA AND THE CEBG) WOULD VISIT HONG KONG THE END OF JUNE TO MAKE A PRELIMINARY SITE SURVEY. EVANS SAID VISIT WOULD BE HELPFUL TO HKG IN EVENTUALLY DECIDING FEASIBILITY OF NUCLEAR ALTERNATIVE. VISIT DID NOT MEAN COLONY WAS PREDISPOSED TOWARD PURCHASE
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UK EQUIPMENT AND TECHNOLOGY. HONG KONG, HE SAID, WOULD

MAKE INDEPENDENT DECISION ON BASIS OF BEST DEAL AVAILABLE FROM ALL POTENTIAL SOURCES. EXCEPTION, OF COURSE, WOULD BE IF PRC RAISED OBJECTIONS TO PROCEEDING WITH A NUCLEAR PROJECT, IN WHICH CASE LONDON'S GUIDANCE WOULD PREVAIL. (HE ADDED THAT, AS FAR AS HE WAS AWARE, THERE HAD BEEN NO DISCUSSION AT THE OFFICIAL LEVEL WITH THE CHINESE AUTHORITIES CONCERNING A POSSIBLE PLANT HERE, OR CONSTRUCTION OF A PLANT NEARBY WITHIN CHINA FROM WHICH HONG KONG COULD OBTAIN POWER.)

2. IN A MORE POSITIVE NOTE THAN HE HAS USED HERETOFORE, EVANS SAID THAT THERE WOULD BE "NO PROBLEM" IN PERSUADING THE TWO POWER COMPANIES HERE TO COOPERATE WITH THE GOVERNMENT IN MOVING TOWARD JOINT USE OF NUCLEAR POWER TO HELP FILL HONG KONG'S TOTAL LOAD REQUIREMENT (TO INCLUDE THE OIL-FIRED DESALTING PLANT CURRENTLY UNDER CONSTRUCTION AND PERHAPS A SECOND PLANT CONTEMPLATED BEFORE THE RECENT RISE IN FUEL PRICES). EVANS ASKED WHETHER CONCENTRATION OF NUCLEAR PLANT PRODUCTION IN SMALL NUMBER OF COMPANIES, AND GROWING INTEREST IN NUCLEAR POWER, WOULD NOT TEND TO DRIVE UP PRICE OF NUCLEAR PLANTS AND FUEL OVER NEXT FEW YEARS TO POINT WHERE FOSSIL FUEL WOULD AGAIN BE COMPETITIVE. LU REPLIED THAT U.S. NUCLEAR INDUSTRY WILL BE ABLE TO MEET WORLDWIDE DEMANDS.

3. EVANS INDICATED INTEREST IN CURRENT THINKING ELSEWHERE IN SOUTHEAST ASIA REGION CONCERNING NUCLEAR POWER, AND LU GAVE A BRIEF REVIEW OF STATE OF PLAY IN PHILIPPINES, SINGAPORE, MALAYSIA, THAILAND, JAPAN AND TAIWAN, COUNTRIES HE IS VISITING ON THIS TRIP. LU ALSO DESCRIBED THE ROLE OF U.S. EXIM IN FINANCING U.S. EQUIPMENT AND TECHNOLOGY IN THESE NUCLEAR PROGRAMS; TRENDS IN U.S. INCLUDING DEVELOPMENT OF OFFSHORE "ISLAND" REACTOR IN NEW JERSEY WHICH MIGHT BE PERTINENT TO HONG KONG; AND REFERRED BRIEFLY TO RECENT DEBATE IN THE UK ON THE U.S. LWR TECHNOLOGY-- A SUBJECT ON WHICH EVANS NOW APPEARED TO BE MORE FAMILIAR. COMMENT: AS EVANS HIMSELF SAID, HONG KONG IS "NOT LEADER IN THIS RACE." HKG INTEREST IN POSSIBILITY OF NUCLEAR POWER NEVERTHELESS MAY BE GROWING, AND SHOULD BE MORE CLEARLY REVEALED DURING OR AFTER VISIT OF BRITISH TEAM AT END OF THIS

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MONTH. AS INDICATED REFTTEL, WE BELIEVE HKG WILL NOT CONSIDER POSSIBILITY OF OBTAINING POWER FROM ANY FUTURE NUCLEAR PLANT LOCATED IN THE PRC UNTIL HKG HAS FIRST DECIDED WHETHER A NUCLEAR PLANT IS FEASIBLE IN HONG KONG.

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